

Exchange, Inc. ("NYSE"), the PCX, and the Philadelphia Stock Exchange, Inc. ("PHLX").

I. Description of the Amendment

The purpose of the amendments is to (1) eliminate the requirement that the CSE must submit proposed changes to its Rule 11.9 or the description of NSTS processing to other ITS Participants for review and comment prior to filing such changes with the Commission; (2) recognize the change in corporate name from the Pacific Stock Exchange, Inc. ("PSE") to the Pacific Exchange, Inc. ("PCX"); (3) change the corporate address of the CSE; and (4) make a technical correction to Section 8(e)(iv)(D).

The amendment concerning prior review of CSE rule changes responds to the Commission's request in its letter to all Participants, dated May 27, 1997.²

To amend the second paragraph of Section 8(e)(iii) to read, in full, as follows: 8. Participants' Implementation Obligations. (e) CSE Implementation Obligations (iii) NSTS Rule Changes.

The CSE shall not alter (A) the obligations of a Designated Dealer set out in CSE Rule 11.9 so as to remove the obligation of Designated Dealers to make continuous, two-sided markets in stocks assigned to them as Designated Dealers or (B) the definition of "Contributing Dealer" in CSE Rule 11.9 so as to remove the obligations of Contributing Dealers to provide to all NSTS Users through NSTS, during CSE trading hours, regular bids and offers in stocks in which they are registered as Contributing Dealers.

To change all references to "Pacific Stock Exchange" and "PSE" to "Pacific Exchange" and "PCX", respectively. The sections to be amended are: Preamble, first paragraph; Section 1(33), (34A), (34B), Section 3, Section 6(a)(ii), Section 7(a) and Section 11(a)(iii)(E-1).

To amend Section 3, in part, as follows: Cincinnati Stock Exchange, Inc. ("CSE"), registered as a national securities exchange under the Act and having its principal place of business at One Financial Place, 440 South LaSalle Street, Suite 2600, Chicago, Illinois 60605.

To cause the second sentence of subsection (e)(iv)(D) of Section 8 to read, in full, as follows: The other Participants undertake to consider in good faith any such proposed interpretation with a view towards making a determination as anticipated by section 1(1B) that "Approved Dealer"

no longer excludes "Contributing Dealers."

II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed amendments are consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed plan amendment that are filed with the Commission, and all written communications relating to the proposed plan amendment between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the ITS. All submissions should refer to File No. 4-208 and should be submitted by September 24, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-7568; 34-40377; 35-26912; IA-1749; and IC-23416]

Commission Statement of Policy on Regulatory Moratorium to Facilitate the Year 2000 Conversion

AGENCY: Securities and Exchange Commission.

ACTION: Policy Statement.

SUMMARY: The Securities and Exchange Commission ("SEC" or "Commission") is announcing a moratorium on the implementation of new Commission rules that require major reprogramming of computer systems by SEC-regulated entities between June 1, 1999 and March 31, 2000. The moratorium is intended to facilitate and encourage securities industry participants to allocate significant time and resources to addressing the potential problems

caused by the Year 2000 computer technology conversion.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

The "Year 2000 problem" is generally understood to be a problem caused by computerized systems that are programmed to use a two-digit rather than four-digit number to represent the year. The "19" that precedes dates in this century was assumed. Consequently, systems programmed in this fashion may mistake the Year 2000 for 1900, or some other incorrect date. To mitigate potential problems caused by the Year 2000 computer conversion, the SEC has worked closely with the securities industry to encourage participants to remediate systems that are not Year 2000 compliant and test systems that are critical to the operation of the nation's capital markets as the millennium approaches.

II. Year 2000 Regulatory Moratorium

Because the Commission views the Year 2000 problem as an extremely serious issue, it has determined to declare a moratorium on the implementation of new Commission rules requiring major reprogramming. Under this moratorium, no new Commission rules requiring major reprogramming will be made effective between June 1, 1999 and March 31, 2000.

Although the Commission will continue to consider necessary revisions to its rules, it will refrain from putting into effect changes to its rules having a major impact on computer systems during this critical transition period. Of course, the Commission reserves the right to implement new rules, where such rulemaking is necessary to protect the public interest in response to emergency conditions or special circumstances that may arise during the moratorium.¹

The regulatory moratorium is limited to Commission rulemaking and shall not apply to rule changes by self-regulatory organizations, such as the National Association of Securities Dealers, Inc.

² See letter from Jonathan G. Katz, Secretary, Commission, to ITS Participants, dated May 27, 1997.

³ 17 CFR 200.30-3(a)(29).

¹ This moratorium will not apply to rules designed to implement changes to the EDGAR system.